

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: November 12, 2024

Findings Date: November 12, 2024

Project Analyst: Crystal Kearney

Co-Signer: Gloria C. Hale

Project ID #: G-12545-24

Facility: AHWFB Outpatient Surgery – Innovation Quarter

FID #: 240660

County: Forsyth

Applicant: North Carolina Baptist Hospital

Project: Relocate no more than two operating rooms from the main campus of Atrium Health Wake Forest Baptist Medical Center to a new hospital outpatient department and develop two procedure rooms.

REVIEW CRITERIA

G.S. 131E-183(a): The Department shall review all applications utilizing the criteria outlined in this subsection and shall determine that an application is either consistent with or not in conflict with these criteria before a certificate of need for the proposed project shall be issued.

- (1) The proposed project shall be consistent with applicable policies and need determinations in the State Medical Facilities Plan, the need determination of which constitutes a determinative limitation on the provision of any health service, health service facility, health service facility beds, dialysis stations, operating rooms, or home health offices that may be approved.

C

North Carolina Baptist Hospital, (hereinafter referred to as “the applicant” or “NCBH”) proposes to develop a multispecialty ambulatory surgical program (MASP) in Forsyth County by relocating two operating rooms from the main campus of North Carolina Baptist Hospital (NCBH), also known as Atrium Health Wake Forest Baptist Medical Center (AHWFB). The multispecialty ambulatory surgical program will be located in downtown Winston-Salem and will operate as a hospital outpatient department of North Carolina Baptist Hospital, with the operating rooms remaining on the NCBH hospital license upon project completion.

Need Determination

The proposed project does not involve the addition of a new health service facility beds, services, or equipment for which there is a need determination in the 2024 State Medical Facilities Plan (SMFP). Therefore, there are no need determinations applicable to this review.

Policies

There is one policy in the 2024 SMFP which is applicable to this review. *Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities*, on page 30 of the 2024 SMFP, states:

“Any person proposing a capital expenditure greater than \$4 million to develop, replace, renovate or add to a health service facility pursuant to G.S. § 131E-178 shall include in its certificate of need application a written statement describing the project’s plan to assure improved energy efficiency and water conservation.

In approving a certificate of need proposing an expenditure greater than \$5 million to develop, replace, renovate or add to a health service facility pursuant to G.S. § 131E-178, Certificate of Need shall impose a condition requiring the applicant to develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The plan must be consistent with the applicant’s representation in the written statement as described in paragraph one of Policy GEN-4.

Any person awarded a certificate of need for a project or an exemption from review pursuant to G.S. § 131E-184 is required to submit a plan for energy efficiency and water conservation that conforms to the rules, codes and standards implemented by the Construction Section of the Division of Health Service Regulation. The plan must be consistent with the applicant’s representation in the written statement as described in paragraph one of Policy GEN-4. The plan shall not adversely affect patient or resident health, safety or infection control.”

The proposed capital expenditure for this project is greater than \$5 million. In Section B, page 26, the applicant describes the project’s plan to improve energy efficiency and conserve water.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing

Based on that review, the Agency concludes that the application is conforming to this criterion based on the following:

- The applicant does not propose to develop any beds or services or acquire any medical equipment for which there is a need determination in the 2024 SMFP.
 - The applicant adequately demonstrates that the proposal is consistent with Policy GEN-4 because the applicant states it will conform to the energy efficiency and water conservation rules, codes and standards implemented by the Construction Section of the Division of Health Service Regulation and required by North Carolina State Building Code.
- (2) Repealed effective July 1, 1987.
- (3) The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, ... persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.

C

The applicant proposes to relocate no more than two operating rooms from the main campus of Atrium Health Wake Forest Baptist Medical Center to a multispecialty ambulatory surgical program (MASP), AHWFB Outpatient Surgery-Innovation Quarter, which will include two minor procedure rooms upon project completion. The surgical specialties that are expected to be performed at the MASP include ophthalmology, otolaryngology, and plastic surgery.

The MASP will operate as a hospital outpatient department (HOPD) of North Carolina Baptist Hospital, with the operating rooms remaining on the NCBH hospital license. The HOPD will be located at 635 Vine Street in downtown Winston-Salem. NCBH will renovate space within an existing building in order to develop the MASP.

North Carolina Baptist Hospital anticipates the surgical specialties to be performed at the MASP will include ophthalmology, otolaryngology, and plastic surgery. Ambulatory surgical cases of these specialties performed at the relocated operating rooms in the MASP will be available to all patients appropriately referred by a physician, physician assistant, or nurse practitioner.

Patient Origin

On page 47, the 2024 SMFP defines the service area for ORs as “...*the single or multicounty grouping shown in Figure 6.1.*” Figure 6.1 on page 53 of the 2024 SMFP shows Forsyth County as its own OR service area. Thus, the service area for this project is Forsyth County. Facilities may also serve residents of counties not included in their service area.

The multispecialty ambulatory surgical program (MASP) has no historical patient origin because it is not an existing facility. Two ORs will be relocated from North Carolina Baptist Hospital (NCBH), thus the applicant provides the historical patient origin for NCBH as shown below.

NCBH Historical Patient Origin – Outpatient Surgical – FFY 2023		
County	# of Patients	% of Total
Forsyth	4,625	28.69%
Guilford	1,798	11.16%
Davidson	1,414	8.77%
Davie	739	4.58%
Surry	648	4.02%
Randolph	644	4.00%
Wilkes	590	3.66%
Iredell	556	3.45%
Catawba	462	2.87%
Stokes	442	2.74%
Yadkin	381	2.36%
Rockingham	297	1.84%
Rowan	283	1.76%
Caldwell	251	1.56%
Other NC Counties*	1,912	11.86%
Other States	1,076	6.68%
Total	16,118	100.0%

Source: Section C, page 31

*Includes all other North Carolina counties, each of which represents < 1.5% of total patient origin

In Section C, pages 33-34, the applicant provides the projected patient origin for the MASP for the first three full fiscal years of operation following project completion, as shown in the table below.

NCBH MASP Projected Patient Origin – Operating Rooms FYs 1-3 (FYs 2027-2029)						
County	FY 1 7/1/2026 to 6/30/2027		FY 2 7/1/2027 to 6/30/2028		FY 3 7/1/2028 to 6/30/2029	
	# of Patients	% of Total	# of Patients	% of Total	# of Patients	% of Total
Forsyth	1,393	27.85%	1,405	27.85%	1,417	27.85%
Guilford	695	13.90%	701	13.90%	707	13.90%
Davidson	473	9.45%	477	9.45%	481	9.45%
Davie	233	4.66%	235	4.66%	237	4.66%
Surry	200	3.99%	202	3.99%	203	3.99%
Randolph	213	4.25%	215	4.25%	216	4.25%
Wilkes	135	2.70%	136	2.70%	137	2.70%
Iredell	154	3.07%	155	3.07%	156	3.07%
Catawba	100	1.99%	100	1.99%	101	1.99%
Stokes	148	2.96%	149	2.96%	150	2.96%
Yadkin	112	2.25%	113	2.25%	114	2.25%
Rockingham	94	1.89%	95	1.89%	96	1.89%
Rowan	98	1.95%	99	1.89%	99	1.89%
Caldwell	73	1.45%	73	1.45%	74	1.45%
Other NC Counties*	570	11.39%	575	11.39%	580	11.39%
Other States	311	6.22%	314	6.22%	317	6.22%
Total	5,005	100.00%	5,047	100.00%	5,089	100.00%

*Includes all other North Carolina counties, each of which represents < 1% of total patient origin

NCBH MASP Projected Patient Origin – Procedure Rooms FYs 1-3 (FYs 2027-2029)						
County	FY 1 7/1/2026 to 6/30/2027		FY 2 7/1/2027 to 6/30/2028		FY 3 7/1/2028 to 6/30/2029	
	# of Patients	% of Total	# of Patients	% of Total	# of Patients	% of Total
Forsyth	225	33.2%	227	33.2%	229	33.2%
Guilford	111	16.4%	112	16.4%	113	16.4%
Davidson	55	8.2%	56	8.2%	56	8.2%
Davie	28	4.1%	28	4.1%	28	4.11%
Surry	29	4.4%	30	4.4%	30	4.4%
Randolph	23	3.4%	23	3.4%	24	3.4%
Wilkes	16	2.4%	16	2.4%	16	2.4%
Iredell	13	1.8%	13	1.8%	13	1.8%
Catawba	12	1.7%	12	1.7%	12	1.7%
Stokes	14	2.1%	14	2.1%	15	2.1%
Yadkin	13	2.0%	14	2.0%	14	2.0%
Rockingham	11	1.6%	11	1.6%	11	1.6%
Rowan	9	1.3%	9	1.3%	9	1.3%
Caldwell	6	0.9%	6	0.9%	6	0.9%
Other NC Counties*	77	11.4%	77	11.4%	78	11.4%
Other States	35	5.1%	35	5.1%	35	5.1%
Total	677	100.0%	683	100.0%	688	100.0%

*Includes all other North Carolina counties, each of which represents < 1% of total patient origin

In Section C, pages 33-34, the applicant provides the assumptions and methodology used to project NCBH surgery utilization for the initial three project years of the proposed operating room relocation project. North Carolina Baptist Hospital projects the MASP patient origin based on the historical hospital outpatient surgery patient origin for the three outpatient surgical specialties that will be served at the MASP.

The applicant’s assumptions are reasonable and adequately supported because the applicant projects patient origin based on the historical utilization of a subgroup of patients projected to utilize the MASP.

Analysis of Need

In Section C, pages 36-58, the applicant explains why the patients it proposes to serve need the proposed services, as summarized below.

- Steady surgical services utilization at North Carolina Baptist Hospital: the applicant states that inpatient surgical cases at NCBH have increased at a two-year compound annual growth rate (CAGR) of 0.89% from FFY 2021-FFY2023. Outpatient surgical cases at NCBH decreased during the most recent three years solely due to the strategic decision of AHWFB leadership to shift outpatient cases to both Wake Forest Baptist Health Outpatient Surgery–Clemmons (a separately licensed ASF in Forsyth County) and to Davie Medical Center in neighboring Davie County. The two-year CAGR for surgical cases for all three facilities combined was 0.70% for the same time period. (page 37)

- Historical ambulatory surgical patient migration patterns: the applicant states Forsyth County residents remain in Forsyth County to obtain ambulatory surgical services. During FFY 2023, 83.42% of Forsyth County residents who had outpatient surgery obtained their surgery in Forsyth County. NCBH is proposing to develop the MASP to offer an additional geographic location to access NCBH outpatient surgery. Forsyth County is a medical hub for the western Piedmont region and exhibits a high percentage of ambulatory surgery in-migration. Forsyth County serves thousands of ambulatory surgery patients from many North Carolina counties outside Forsyth County, particularly including neighboring counties. (page 38)
- Benefits of enhanced geographic distribution of NCBH operating rooms within Forsyth County: the applicant states that it is important from a health planning perspective to improve geographic access to healthcare services in Forsyth County. Development of an additional NCBH location to accommodate the multispecialty surgical program represents an excellent opportunity for obtaining convenient access to NCBH surgical services for residents of Forsyth County and surrounding communities. The new NCBH hospital campus will enhance patient access in Forsyth County, and as shown in Section L, will also offer access for all in need of care, including Medicare and Medicaid patients and the medically uninsured, regardless of ability to pay. Downtown Winston-Salem is located in the center of Forsyth County, and with a location adjacent to major highways, the NCBH MASP will provide convenient access for hospital patients from throughout Forsyth County, with less than a 25-minute drive from any location in the county. Forsyth County is home to over 14,000 enrollees in the Blue Cross and Blue Shield (BCBS) Blue Local plan, which include NCBH as a provider. It is beneficial to these Forsyth County residents for NCBH to provide an additional geographic location to obtain ambulatory surgical services. Additionally, AHWFB employs nearly 10,000 residents who reside throughout Forsyth County. Those employees utilize NCBH services and will benefit from the relocation of two operating rooms to develop the MASP. (pages 40-41)
- Projected population growth and aging in Forsyth County: the applicant states that Forsyth County is the fourth most populous county in North Carolina. According to North Carolina Office of State Budget & Management (NCOSBM) data, Forsyth County has a projected 2028 population of 409,809. The applicant states that Forsyth County is home to a growing segment of residents aged 65+. This demographic factor will continue to generate on-going future demand for healthcare services, including ambulatory surgery. By 2028, 18.7% of the Forsyth County population will be aged 65+, up from 17.6% in 2024. The Forsyth County elderly population is projected to grow at a 4-year CAGR of 2.36%, which is much higher than the projected average growth rate of 0.84% for the overall county population. (page 45)
- Forsyth County health status: the applicant states that County Health Rankings website, a collaboration between the Robert Wood Johnson Foundation and the University of Wisconsin Population Health Institute, ranks Forsyth County about the same as the average county in North Carolina. As a local healthcare provider working with government and civic leaders to improve the health status of county residents, NCBH considers that relocation of two operating rooms to establish the MASP will help Forsyth County to

improve its health ranking, by benefiting Forsyth County residents with enhanced local access to outpatient surgical services. The applicant states that community health status and risk factors for Forsyth County residents, such as lack of health insurance, obesity and smoking, put them at increased risk for needing surgery, citing a correlation between obesity and eye disease in particular. The proposed MASP project will offer convenient geographic access to North Carolina Baptist Hospital's ambulatory surgery services for this patient demographic. (pages 53-54)

- Documented physician and facility support: the applicant states that physicians and other referring providers from Forsyth County and surrounding counties refer patients for ambulatory surgery. As a well-established local healthcare provider, North Carolina Baptist Hospital has long-standing positive working relationships with the physician/provider community in Forsyth and surrounding counties. North Carolina Baptist Hospital is aware of the medical needs of the local community through its direct involvement with patients, and through interactions with its surgeons and referring physicians/providers. North Carolina Baptist Hospital anticipates that its network of physicians will continue to refer patients to North Carolina Baptist Hospital for surgical services, just as they have been for many years. (pages 57-58)

The information is reasonable and adequately supported based on the following:

- The applicant states that the increasing utilization of the existing surgical services at NCBH, Forsyth County demographics, patient migration patterns to obtain surgical services in Forsyth County, the growth and aging of the service area population, county health status, and physician/provider support, comprehensively validate the need for and benefits of North Carolina Baptist Hospital's proposed OR relocation project, and are consistent with the on-going and increasing need for access to ambulatory surgical services located in Forsyth County.
- The applicant provides reliable data to demonstrate the need for the relocation of two operating rooms to establish a multispecialty ambulatory surgical program in a new hospital outpatient department of North Carolina Baptist Hospital.
- The applicant states that with its high quality and broad access for the medically underserved, North Carolina Baptist Hospital's plan is consistent with the SMFP Basic Principles of promoting high quality, cost-effective healthcare that is accessible to all, including the medically underserved.

Projected Utilization

In Section Q, Form C.3b, page 126, the applicant provides projected utilization, as illustrated in the following table.

Projected OR Utilization upon Project Completion NCBH Multispecialty Ambulatory Surgical Program			
	1 ST Full FY 7/1/26-6/30/27	2 nd Full FY 7/1/27-6/30/28	3 rd Full FY 7/1/28-6/30/29
ORs	2	2	2
Surgical Cases	5,005	5,047	5,089
Case Times	132	132	132
Surgical Hours	11,011	11,103	11,196
# of ORS Needed – Group Assignment	1	1	1
Standard Hours per OR per Year	1,950	1,950	1,950
Total Surgical Hours/Standard Hours per OR per Year	5.65	5.69	5.74

In Section Q, pages 128-143, the applicant provides the assumptions and methodology used to project utilization, summarized as follows:

Step 1: Historical and Projected Inpatient and Outpatient Surgical cases : The applicant states that the School of Medicine anticipates continued expansion of the surgical faculty. The applicant states that the breadth of surgeons enables NCBH to ensure convenient local access to high quality inpatient and outpatient surgery across a spectrum of surgical specialties. The following table summarizes historical inpatient and outpatient surgical cases at NCBH during the past three years.

Historical NCBH Inpatient and Outpatient Surgery Cases				
	FFY 2021	FFY 2022	FFY 2023	2-YR CAGR
Inpatient	13,599	12,775	13,843	0.89%
Outpatient	17,064	16,779	16,118	-2.81%
Total	30,663	29,554	29,961	-1.15%

Source: page 128 of application, 2023 – Proposed 2025 SMFPs

The applicant states that NCBH operating rooms are well utilized, performing 29,961 surgical cases last federal fiscal year. Inpatient surgical cases at NCBH increased at a two-year compound annual growth rate (CAGR) of 0.89%. Outpatient surgical cases at NCBH decreased during the recent three years solely due to the strategic decision of AHWFB leadership to shift outpatient cases to both Wake Forest Baptist Health Outpatient Surgery-Clemmons (Clemmons), a separately licensed ASF in Forsyth County, and to Davie Medical Center (DMC) in neighboring Davie County. The two following tables display the historical surgical cases performed at each of those licensed AHWFB facilities, showing strong growth in outpatient surgical cases.

Wake Forest Baptist Health Outpatient Surgery – Clemmons Historical Surgical Cases				
	FFY 2021	FFY 2022	FFY2023	2-YR CAGR
Outpatient Surgery	2,150	2,799	3,166	21.35%

Source: 2023 – Proposed 2025 SMFPs; page 128 of application

Davie Medical Center Historical Surgical Cases				
	FFY 2021	FFY 2022	FFY2023	2-YR CAGR
Inpatient Surgery	313	137	96	-44.62%
Outpatient Surgery	2,683	3,050	3,086	7.25%
Total	2,996	3,187	3,182	3.06%

Source: 2023 – Proposed 2025 SMFPs; page 129 of application

The applicant relies on data from combined AHWFB historical surgical cases performed at three AHWFB facilities during the most recent three federal fiscal years. The Two-Year (FFY2021-FFY2023) CAGR of all three facilities’ surgical cases is 0.70%.

Combined AHWFB Historical Surgical Cases				
	FFY 2021	FFY 2022	FFY 2023	2-YR CAGR
Inpatient Surgery	13,912	12,912	13,939	0.10%
Outpatient Surgery	21,897	22,628	22,370	1.07%
Total	35,809	35,540	36,309	0.70%

Source: page 129, 2003-Proposed 2025 SMFPs

The applicant projected inpatient and outpatient surgical cases at NCBH from FFY2024 through FFY2029, increasing utilization based on an annual growth rate of 0.84%, which is equal to the projected 4-year CAGR of 0.84% for the Forsyth County population between 2024 and 2028.

Projected Forsyth County Population Growth, 2024- 2028						
	2024	2025	2026	2027	2028	4-YR CAGR
Forsyth County	396,317	399,525	402,867	406,305	409,809	0.84%
North Carolina	10,984,106	11,115,657	11,241,251	11,365,033	11,489,769	1.13%

Source: North Carolina Office of State Budget & Management (NCOSBM), vintage 2023, page 129

This projected growth rate is reasonable and conservative because it is less than NCBH’s historical growth rate (0.89%) for inpatient surgical cases since FFY2021, and less than AHWFB’s facilities surgical utilization since FFY2021.

Based on the projected annual Forsyth County population growth rate of 0.84%, the following table portrays projected inpatient and outpatient surgical cases at NCBH through FFY2029.

Projected Total NCBH Inpatient and Outpatient Surgery Cases FFY 2024-FFY2029							
	FFY2024	FFY2025	FFY2026	FFY2027	FFY2028	FFY2029	5-Yr CAGR
Inpatient	13,959	14,077	14,195	14,314	14,435	14,556	0.84%
Outpatient	16,253	16,390	16,528	16,667	16,807	16,948	0.84%
Total	30,213	30,467	30,723	30,981	31,241	31,504	0.84%

NCBH projects that the relocated ORs at the MASP will become operational July 1, 2026, NCBH adjusted the above projected utilization from the federal fiscal year (October –

September) timetable to the MASP project year (July – June) timetable, as shown in the table below.

Projected Total NCBH Inpatient and Outpatient Surgery Cases Adjusted Timetable							
	Jul23- Jun24	Jul24- Jun25	Jul25- Jun26	Jul26- Jun27	Jul27- Jun28	Jul28- Jun29	4-Yr CAGR
Inpatient	13,930	14,047	14,165	14,284	14,404	14,526	0.84%
Outpatient	16,220	16,356	16,493	16,632	16,772	16,913	0.84%
Total	30,150	30,403	30,659	30,916	31,176	31,438	0.84%

Source: page 130

Step 2: Projected Outpatient Surgical cases to be performed at Atrium Health Wake Forest Baptist Outpatient Surgery- Cloverdale The applicant states NCBH is constructing Atrium Health Wake Forest Baptist Outpatient Surgery-Cloverdale (Cloverdale) on NCBH’s Winston - Salem hospital campus, and these ORs will operate under the NCBH hospital license. The eight operating rooms (including seven new licensed ORs) being constructed at Cloverdale will be dedicated ambulatory surgery operating rooms. This on-campus dedicated ambulatory surgery building will increase the hospital OR capacity, improving accessibility and convenience for outpatient surgery patients and their families. NCBH anticipates that certain outpatient surgical cases in several surgical specialties will shift from the surgical suites located in the NCBH hospital patient tower and be performed at the dedicated outpatient surgery ORs at the on-campus Cloverdale facility during the initial three Cloverdale project years (beginning July 1, 2025), as illustrated in the following table.

Projected NCBH Outpatient Surgery Cases to be Performed at Atrium Health Wake Forest Baptist Outpatient Surgery – Cloverdale				
	PY1(7/25-6/26)	PY2(7/26-6/27)	PY3(7/27-6/28)	2-Yr CAGR
Orthopedics	2,058	2,073	2,088	0.73%
Urology	1,780	1,793	1,806	0.73%
General	1,710	1,723	1,735	0.73%
Otolaryngology	1,641	1,653	1,665	0.73%
Plastics	1,088	1,096	1,104	0.73%
Total OP Surgery Cases	8,277	8,338	8,399	0.73%

Step3: Projected Outpatient Surgical Cases to be Performed at Proposed Multispecialty Ambulatory Surgical Program: NCBH anticipates that the MASP will offer ambulatory surgical services in three surgical specialties: ophthalmology, otolaryngology, and plastic surgery. NCBH projects the following case types (by specialty) and volumes to shift to the MASP for the initial project year (July 2026–June 2027).

Projected NCBH Outpatient Surgery Cases to be Performed at Proposed Multispecialty Ambulatory Surgical Program	
Ambulatory Surgical Cases	Total Cases
Ophthalmology	3,112
Otolaryngology- Head Neck Surgery	1,295
Plastic Reconstructive Surgery	588
Grand Total Cases	5,005

Source: NCBH internal data, page 131-136

To project these ambulatory surgical cases during the second and third MASP project years, NCBH applies an annual growth rate of 0.84%, which is equal to the projected 4-year CAGR of 0.84% for the Forsyth County population between 2024 and 2028. The table below summarizes the resulting projected ambulatory surgical cases at the MASP during the initial three project years.

NCBH Multispecialty Ambulatory Surgical Program Projected Outpatient Surgery Cases				
	Jul26-Jun27	Jul27-Jun28	Jul28-Jun29	Projected CAGR
Outpatient Surgery	5,005	5,047	5,089	0.84%

Step 4: Projected Operating Room Need for North Carolina Baptist Hospital Although the Performance Standards of the .2100 Criteria and Standards for Surgical Services and Operating Rooms are not applicable because the applicant does not propose to increase the number of licensed operating rooms already approved in Forsyth County, the applicant demonstrates that the total number of ORs on NCBH’s license, including those proposed for the MASP, are needed as follows:

Projected NCBH Operating Room Need			
Year	PY1(7/26-6/27)	PY2(7/27-6/28)	PY3(7/28-6/29)
Total IP Surgery Cases	14,284	14,404	14,526
Average Case Time (Minutes)	236	236	236
Total IP Surgical Hours	56,185	56,658	57,134
Total OP Surgery Cases	16,632	16,772	16,913
Average Case Time (Minutes)	132	132	132
Total OP Surgical Hours	36,590	36,898	37,208
Total Combined IP/OP Surgical Hours	92,776	93,556	94,342
Group 1 Facility Standard Hours/OR	1,950	1,950	1,950
ORs Needed	47.58	47.98	48.38
ORs Needed (rounded)	48	48	49
NCBH Adjusted Planning OR Inventory	49	49	49

The following table projects OR need at NCBH’s proposed multispecialty ambulatory surgical program through the third project year, using the projected ambulatory surgery cases and applying the 2024 SMFP OR need methodology, using the NCBH average outpatient surgery case time of 132.0 minutes.

Projected NCBH Multispecialty Ambulatory Surgical Program Operating Room Need			
Year	PY1(7/26-6/27)	PY2(7/27-6/28)	PY3(7/28-6/29)
Total OP Surgery Cases	5,005	5,047	5,089
Average Case Time (Minutes)	132	132	132
Total Surgical Hours	11,011	11,103	11,196
Group 1 Facility Standard Hours/OR	1,950	1,950	1,950
ORs Needed	5.65	5.69	5.74
ORs Needed (Rounded)	6	6	6

The applicant states that although the average case length of the surgical cases anticipated for the MASP will be shorter than the average NCBH outpatient surgical case length, the projected 2-OR MASP is justified using the SMFP OR methodology.

Projected Utilization of Two Procedure Rooms

NCBH uses the following methodology and assumptions to project utilization of the procedure rooms at the multispecialty ambulatory surgical program. NCBH anticipates that ophthalmology, otolaryngology, and plastic minor procedures will be performed in the MASP procedure rooms. NCBH projects the following procedure types by specialty and volumes to shift to the MASP for initial project year.

Projected NCBH Minor Procedures to be Performed at Proposed Multispecialty Ambulatory Surgical Program	
Minor Procedures	Total Procedures
Ophthalmology	457
Cataract Procedures	295
Glaucoma Procedures	60
Eyelid Procedures	50
Facial Procedures	24
Lacrimal System Procedures	18
Cornea Procedures	10
Otolaryngology- Head Neck Surgery	190
Upper GI	76
Other GI Procedures	35
Facial Procedures	31
Esophagoscopy	13
Nasal Procedures (Non-Endoscopy)	11
Hearing/Speech Aid Services	10
Oral/Maxillofacial Procedures	8
Eyelid Procedures	6
Plastic Reconstructive Surgery	30
Hand	25
Fat Removal	5
Grand Total	677

Source: NCBH internal data, pages 138-139

The applicant states that the table below summarizes the projected numbers of minor procedures at the MASP during the initial three project years.

NCBH Multispecialty Ambulatory Surgical Program Projected Outpatient Minor Procedures				
	Jul26-Jun27	Jul27-Jun28	Jul28-Jun29	Projected CAGR
Minor Procedures	677	683	688	0.84%

Projected utilization is reasonable and adequately supported based on the following:

- The applicant utilizes a growth rate for outpatient surgery cases that is equal to the projected population growth rate for Forsyth County of 0.84% which is lower than the historical growth rate for outpatient surgical cases at DMC, Clemmons, and NCBH combined with DMC and Clemmons.
- The applicant relies on historical surgical utilization from NCBH to project the number of surgical cases by specialty expected to shift to the MASP.
- The applicant demonstrates that all of its ORs on its license, including those to be relocated to the proposed MASP, are needed based on application of the 2024 SMFP OR need methodology for each of the first three years of the proposed project.

Access to Medically Underserved Groups

In Section C, page 63, the applicant states:

Wake Forest Baptist Health complies with applicable Federal civil rights laws and does not discriminate on the basis of race, color, religion, national origin, age, sex, sexual orientation, gender identity, gender expression, disability or source of payment. Wake Forest Baptist does not exclude people or treat them differently because of race, color, religion, national origin, age, sex sexual orientation, gender identity, gender expression, disability or source of payment.'

In Section C, page 64, the applicant provides the estimated percentage of patients it projects to serve in its third full fiscal year of operation, for each medically underserved group, as shown in the following table.

Group	Percentage of Total Patients
Low-income persons	14.70%
Racial and ethnic minorities*	29.80%
Women*	49.97%
Persons with disabilities	8.80%
Persons 65 and older*	29.40%
Medicare beneficiaries*	32.40%
Medicaid recipients*	20.40%

*Based on CY 2023 date from NCBH's ambulatory services

In Section C, page 64, the applicant states it does not track income demographics or disability status of its patients, but provides estimates based on U.S. Census data for Forsyth County.

The applicant adequately describes the extent to which all residents of the service area, including underserved groups, are likely to have access to the proposed services based on the following:

- The applicant provides a statement that it will provide access to the proposed services for underserved groups.
- The applicant provides a copy of the AHWFB non-discrimination notice, which is used at NCBH.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (3a) In the case of a reduction or elimination of a service, including the relocation of a facility or a service, the applicant shall demonstrate that the needs of the population presently served will be met adequately by the proposed relocation or by alternative arrangements, and the effect of the reduction, elimination or relocation of the service on the ability of low income persons, racial and ethnic minorities, women, ... persons [with disabilities], and other underserved groups and the elderly to obtain needed health care.

C

The applicant proposes to relocate no more than two operating rooms from the main campus of Atrium Health Wake Forest Baptist Medical Center to a multispecialty ambulatory surgical program (MASP), AHWFB Outpatient Surgery-Innovation Quarter, which will include two minor procedure rooms upon project completion.

In Section D, page 69, the applicant explains why it believes the needs of the population presently utilizing the services to be reduced and relocated will be adequately met following completion of the project. On page 69, the applicant states:

“...NCBH proposes this OR, relocation project to better meet the needs and convenience of its ambulatory surgical patients. Following relocation of the two ORs,

the NCBH main campus will maintain 38 licensed operating rooms. In addition, in the summer of 2025 NCBH anticipates completion of its separate CON project...to develop seven additional operating rooms on the NCBH main campus, at the newly established hospital-based Cloverdale Ambulatory Surgery Center. Thus, the NCBH main campus will continue to meet the needs of patients in need of both inpatient and outpatient surgery.”

The information is reasonable and adequately supported for the following reasons:

- A portion of outpatient surgical cases will shift from the hospital’s ORs to the two relocated ORs at the MASP, thereby freeing up OR capacity at the hospital.
- An on-campus ambulatory surgery center is under development which will also serve to free up OR capacity at the hospital.

On Form D.3 in Section Q, the applicant provides projected utilization, as illustrated in the following table.

Historical and Projected OR Utilization	Last Full FY	Interim Full FY	Interim Full FY	1 st Full FY
North Carolina Baptist Hospital Entire Facility	7/1/23-6/30/24	7/1/24-6/30/25	7/1/25- 6/30/26	7/1/26-6/30/27
ORs	40	40	47	47
Surgical Cases	30,150	30,403	30,659	30,916
Case Times (Inpatient and Outpatient)	368	368	368	368
Total Surgical Hours	90,475	91,236	92,003	92,776
Standard Hours per OR per Year	1,950	1,950	1,950	1,950
Total Surgical Hours/Standard Hours per OR per Year	46	47	47	48

Source: Form D.3 Section Q, page 127

Immediately following Form D.3 in Section Q, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

- The applicant uses the following methodology and assumptions to project inpatient and outpatient surgery cases for NCBH, ambulatory surgical cases to be performed in the eight operating rooms under development at NCBH’s on-campus Cloverdale facility, and ambulatory surgical cases to be performed in the two relocated operating rooms of the proposed MASP during the initial three project years.

Historical and Projected OR Utilization				
North Carolina Baptist Hospital Entire Facility				
	Last Full FY 7/1/23-6/30/24	Interim Full FY 7/1/24-6/30/25	Interim Full FY 7/1/25-6/30/26	1 st Full FY 7/1/26-6/30/27
Total ORs	40	40	47	47
Surgical Cases	30,150	30,403	30,659	30,916
Case Times (Inpatient and Outpatient)	368	368	368	368
Total Surgical Hours	90,475	91,236	92,003	92,776
Standard Hours per OR per Year	1,950	1,950	1,950	1,950
Total Surgical Hours/Standard Hours per OR per Year	46	47	48	48

The applicant projects utilization of its ORs at all OR surgical facilities on NCBH’s license, including NCBH, AHWFB Outpatient Surgery – Cloverdale, and MASP, using the same methodology it used for projecting OR utilization at MASP and described in Criterion (3) of these findings which are incorporated herein by reference. The projected NCBH inpatient surgery growth rate, and the projected outpatient surgery growth rate at NCBH, including in the on-campus Atrium Health Wake Forest Baptist Outpatient Surgery – Cloverdale operating rooms and the proposed MASP, are based on the projected Forsyth County annual population growth of 0.84%, which is less than the historical CAGR for inpatient surgical cases at NCBH, and is also less than the historical CAGR for combined outpatient surgical cases at NCBH, DMC, and the Clemmons facility. See page 141 of the application for the historical utilization at the Clemmons facility. The applicant accounts for outpatient surgical cases expected to shift from NCBH to its Cloverdale facility under development and its proposed MASP.

Projected utilization is reasonable and adequately supported based on the following:

- The applicant uses a growth rate that is lower than the historical CAGR for the outpatient surgical cases of three of its surgical facilities combined.
- The applicant accounts for a shift in outpatient surgical cases from NCBH to its proposed MASP and Cloverdale facility under development.

Access to Medically Underserved Groups

In Section D, page 69, the applicant states:

“The proposed project will not adversely impact the ability of any medically underserved group to access surgical care at NCBH because NCBH will maintain its current inventory of licensed operating rooms and will maintain most of its licensed ORs at the main hospital campus. And as mentioned above, in 2025 NCBH anticipates completing development of its project to add seven operating rooms at the hospital main campus. NCBH expects that the relocation of operating rooms from the NCBH main campus to the new MASP in downtown Winston-Salem will have a positive impact on the accessibility of healthcare services to patients, including the medically underserved because it will offer a new geographic location for obtaining ambulatory surgery at NCBH.”

The applicant adequately demonstrates that the needs of medically underserved groups that will continue to receive services at NCBH will be adequately met following the completion of the project for the following reasons:

- The applicant will still have access at the existing facility for patients, maintaining the same number of operating rooms on its license.
- The applicant provides a statement saying it is committed to continuing to provide access to medically underserved groups at the proposed facility.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing

Based on that review, the Agency concludes that the applicant is conforming to this criterion for the following reasons:

- The applicant adequately demonstrates that the needs of the population currently using the services to be reduced and relocated will be adequately met following project completion for all the reasons described above.
 - The applicant adequately demonstrates that the project will not adversely impact the ability of underserved groups to access these services following project completion for all the reasons described above.
- (4) Where alternative methods of meeting the needs for the proposed project exist, the applicant shall demonstrate that the least costly or most effective alternative has been proposed.

C

The applicant proposes to relocate no more than two operating rooms from the main campus of Atrium Health Wake Forest Baptist Medical Center to a multispecialty ambulatory surgical program (MASP), AHWFB Outpatient Surgery-Innovation Quarter, which will include two minor procedure rooms upon project completion.

In Section E, pages 72-74, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain Status Quo: the applicant states this alternative is not the most effective because it does not afford NCBH patients the benefits of enhanced geographic access and choice. NCBH has identified a sufficient number of patients in three surgical specialists who need and can support ambulatory surgical services at the downtown Winston-Salem location. The utilization of ambulatory surgical services at AHWFB has grown steadily, and the overall county population is growing and aging. The status quo would not require the capital expenditure of developing the proposed MASP, it would also fail to expand geographic access to community-based NCBH ambulatory surgical services in Forsyth County. Therefore, maintaining the status quo was not considered to be the most effective alternative.
- Develop the Proposed Multispecialty Ambulatory Surgical Program in another Forsyth County Location: the applicant states that the proposed project was identified based on the planned development of ophthalmology clinics and physician offices in downtown Winston-Salem and considering population growth and patient access to surgical services. The proposed location will enable coordination with the physician clinical spaces that are contemplated to be co-located at the same building. Also, ambulatory surgery patients, and particularly those who are elderly, such as many ophthalmology surgery patients, will appreciate not having to navigate the more crowded and sometimes congested NCBH campus parking and facilities. The relocated operating rooms will be well positioned to conveniently serve ambulatory surgery patients. For all these reasons, North Carolina Baptist Hospital determined that another location is not the most effective alternative.
- Develop the MASP with a Different Number of Operating Rooms: The applicant states that the NCBH determined that relocating just one operating room would not be sufficient to meet the need and would not be as operationally efficient. Although an MASP with more operating rooms could be supported by the patient population, NCBH determined that the proposed complement of two ORs will at this time be adequate to meet the patient need, and to promote operational efficiencies and economies of scale. NCBH believes the proposed number of operating rooms, as well as the number and type of equipment to support the ORs, represent an appropriate scope for the multispecialty ambulatory surgical program. NCBH believes the most effective approach, as well as the least costly, is to develop a reasonably – sized MASP facility that can be expanded in the future as patient

demand warrants. Additional operating rooms and ancillary/support services also can be efficiently added in the future, as the program matures and needs to expand.

- Develop the Project as Proposed: The applicant states that the most effective alternative is to relocate two operating rooms from the hospital main campus to develop the multispecialty ambulatory surgical program. The proposal is the most effective alternative because the OR location will provide residents of Forsyth County and surrounding communities with timely, convenient, high quality and cost-effective ambulatory surgery. The additional ambulatory surgery location for North Carolina Baptist Hospital will maximize healthcare value or resources expended in the delivery of health care services by ensuring timely access to ambulatory surgical services within the Forsyth County service area, increase the quality of care, enhance the patient experience, and improve operational efficiencies. This option is also the most effective and efficient alternative since the MASP will be located in an existing structure, requiring only space renovation and not construction of an entirely new building.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need based on the following:

- The applicant's proposal is the most effective alternative because the additional OR location will provide residents of Forsyth County and surrounding communities with timely, convenient, high quality and cost-effective ambulatory surgery.
- The applicant provides reasonable information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria. Therefore, the application can be approved.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing

Based on that review, the Agency concludes that the application is conforming to this criterion for all reasons described above. Therefore, the application is approved subject to the following conditions:

1. **North Carolina Baptist Hospital (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.**
 2. **The certificate holder shall develop a multispecialty surgical program in Forsyth County by relocating no more than two operating rooms from the main campus of North Carolina Baptist Hospital (NCBH), also known as Atrium Health Wake Forest Baptist Medical Center, and develop two procedure rooms.**
 3. **Upon completion of the project, AHWFB Outpatient Surgery - Innovation Quarter shall be licensed for no more than two operating rooms and two procedure rooms.**
 4. **Progress Reports:**
 - a. **Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.**
 - b. **The certificate holder shall complete all sections of the Progress Report form.**
 - c. **The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.**
 - d. **The first progress report shall be due on May 1, 2025.**
 5. **The certificate holder shall develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes.**
 6. **The certificate holder shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Section Q of the application and that would otherwise require a certificate of need.**
 7. **The certificate holder shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.**
- (5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

The applicant proposes to relocate no more than two operating rooms from the main campus of Atrium Health Wake Forest Baptist Medical Center to a multispecialty ambulatory surgical program (MASP), AHWFB Outpatient Surgery-Innovation Quarter, which will include two minor procedure rooms upon project completion.

Capital and Working Capital Costs

In Section Q, page 144, the applicant projects the total capital cost of the project, as shown in the table below.

Construction/ Renovation Contract(s)	\$16,132,000
Architect/Engineering Fees	\$1,089,340
Medical Equipment	\$5,792,684
Non-Medical Equipment	\$1,200,000
Furniture	\$750,000
Consultant Fees (legal, CON, DHSR)	\$93,750
Total	\$25,057,774

In Exhibits F.1 and K.3, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the following:

- In Exhibits F.1 and K.3, the applicant provides vendors quotes for the estimated costs for medical and non-medical equipment, furniture, and provides a letter from a licensed architect confirming the renovation costs.
- The other costs are based on the applicant's experience developing similar projects.

In Section F, page 77, the applicant states there will be no start-up costs or initial operating expenses because NCBH is an existing and operational acute care hospital currently offering surgical services, and the relocated operating rooms will continue to be licensed to and operated as part of the hospital.

Financial Feasibility

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. In Form F.2b, the applicant projects that revenues will exceed operating expenses in the first three full fiscal years following completion of the project, as shown in the table below.

NCBH- MASP OPERATING ROOMS	1st Full FY FFY 2027	2nd Full FY FFY2028	3rd Full FY FFY 2029
Total Cases (From Form C.3b)	5,005	5,047	5,089
Total Gross Revenues (Charges)	\$227,537,681	\$236,333,480	\$245,469,293
Total Net Revenue	\$28,806,866	\$29,920,437	\$31,077,055
Average Net Revenue per Case	\$5,756	\$5,928	\$6,107
Total Operating Expenses (Costs)	\$20,230,686	\$20,746,939	\$21,277,945
Average Operating Expense per Case	\$4,042	\$4,111	\$4,181
Net Income	\$8,576,180	\$9,173,498	\$9,799,110

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant states that the projected surgical services revenues and operating expenses are based upon its historical experience offering surgical services, with charge and cost data provided by NCBH and AHWFB staff.
- The applicant states the physician professional fees for surgical services (e.g. surgery, anesthesiology, pathology) are billed separately by the physician practices that provide these services.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately demonstrates that the capital and working capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.
- The applicant adequately demonstrates availability of sufficient funds for the capital and working capital needs of the proposal for all the reasons described above.

- The applicant adequately demonstrates sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of revenues and operating expenses for all the reasons described above.
- (6) The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.

C

The applicant proposes to relocate no more than two operating rooms from the main campus of Atrium Health Wake Forest Baptist Medical Center to a multispecialty ambulatory surgical program (MASP), AHWFB Outpatient Surgery-Innovation Quarter, which will include two minor procedure rooms upon project completion.

On page 47, the 2024 SMFP defines the service area for OR as “*single or multicounty grouping shown in Figure 6.1.*” Figure 6.1, on page 53, shows Forsyth County is a single county operating room service area. Thus, the service area for this facility consists of Forsyth County. Facilities may also serve residents of counties not included in their service area.

The following table in Section G on page 83 of the application summarizes the existing operating rooms, excluding C-section ORs, in Forsyth County:

Facility	Operating Rooms
Wake Forest Baptist Health Outpatient Surgery Center – Clemmons	3
North Carolina Baptist Hospital	49
Novant Health Kernersville Outpatient Surgery	2
Novant Health Clemmons Outpatient Surgery	2
Novant Health Forsyth Medical Center	33
Novant Health Medical Park Hospital	10
Kimel Park Surgery Center	2
Piedmont Outpatient Surgery Center	2
Triad Surgery Center	2

Source: 2024 SMFP, Table 6-A

In Section G, pages 83-84, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved operating services in Forsyth County. The applicant states:

“...North Carolina Baptist Hospital does not propose to acquire and operate new operating rooms, but rather proposes to relocate two existing operating rooms already included in the Forsyth County OR inventory itemized in Section G.1.

...this project creates improved geographic access for local patients, with no unnecessary duplication of existing resources.”

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved OR services in Forsyth County because of the following:

- The proposal would not result in an increase in the number of ORs in the Forsyth County service area.
- The applicant adequately demonstrates that there is a need for the proposed project in the service area. See the discussion regarding need found in Criterion (3) incorporated herein by reference.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (7) The applicant shall show evidence of the availability of resources, including health manpower and management personnel, for the provision of the services proposed to be provided.

C

The applicant proposes to relocate no more than two operating rooms from the main campus of Atrium Health Wake Forest Baptist Medical Center to a multispecialty ambulatory surgical program (MASP), AHWFB Outpatient Surgery-Innovation Quarter, which will include two minor procedure rooms upon project completion.

In Section Q, page 152, the applicant provides projected full-time equivalent (FTE) staffing for the proposed services for each of the first three full fiscal years of operation, FYs 2027-2029, as illustrated in the following table.

Projected Staff			
Position	1 st FY	2 nd FY	3 rd FY
	FY 2027	FY 2028	FY 2029
Registered Nurse	23.6	23.6	23.6
Certified Nurse Aides/Nursing Assistants	2.0	2.0	2.0
Director of Nursing (Nursing Manager)	1.0	1.0	1.0
Certified Registered Nurse Anesthetists	7.6	7.6	7.6
Surgical Technicians	5.8	5.8	5.8
Housekeeping	1.5	1.5	1.5
Central Sterile Supply	3.0	3.0	3.0
Materials Management	1.0	1.0	1.0
Other (Patient Transporter)	2.0	2.0	2.0
Total FTEs	47.50	47.50	47.50

The assumptions and methodology used to project staffing are provided in Section H, page 85. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Form F.3b. In Section H, pages 85-86, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on the following:

- The applicant states that they actively use the internet for recruiting, including job search engines and boards, and that it has a social media presence.
- The applicant states that they will continue to leverage its affiliation with local clinical health training programs to connect with potential new employees. Graduates from local health care training programs will supplement the current labor supply.
- The applicant states that as an AHWFB- affiliated entity, NCBH offers comprehensive training and continuing education for its staff members, including in-service education to meet performance standards and competency levels.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (8) The applicant shall demonstrate that the provider of the proposed services will make available, or otherwise make arrangements for, the provision of the necessary ancillary and support services. The applicant shall also demonstrate that the proposed service will be coordinated with the existing health care system.

C

The applicant proposes to relocate no more than two operating rooms from the main campus of Atrium Health Wake Forest Baptist Medical Center to a multispecialty ambulatory surgical program (MASP), AHWFB Outpatient Surgery-Innovation Quarter, which will include two minor procedure rooms upon project completion.

Ancillary and Support Services

In Section I, page 90, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 90-91, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit I.1. and I.2. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the following:

- In Exhibit I.1, the applicant provides a letter dated June 24, 2024, from Cathleen Wheatley, President of Atrium Health Wake Forest Baptist and Davie Medical Center documenting that all necessary ancillary and support services will continue to be available at the hospital and for surgical services at the MASP, or otherwise provided by AHWFB corporate staff.
- The applicant states that NCBH currently provides all necessary ancillary and support services for its surgical services and will provide them through its own staff and vendors for the proposed project.

Coordination

In Section I, page 91, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibits I.2.1 and I.2.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- As an existing hospital and provider of surgical services in Forsyth County, NCBH has well-established relationships with other health and social service agencies.
- The applicant provided letters of support from area providers stating their support for the project and their interest in utilizing the project facility.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (9) An applicant proposing to provide a substantial portion of the project's services to individuals not residing in the health service area in which the project is located, or in adjacent health service areas, shall document the special needs and circumstances that warrant service to these individuals.

NA

The applicant does not project to provide the proposed services to a substantial number of persons residing in Health Service Areas (HSAs) that are not adjacent to the HSA in which the services will be offered. Furthermore, the applicant does not project to provide the proposed services to a substantial number of persons residing in other states that are not adjacent to the North Carolina county in which the services will be offered.

- (10) When applicable, the applicant shall show that the special needs of health maintenance organizations will be fulfilled by the project. Specifically, the applicant shall show that the project accommodates: (a) The needs of enrolled members and reasonably anticipated new members of the HMO for the health service to be provided by the organization; and (b) The availability of new health services from non-HMO providers or other HMOs in a reasonable and cost-effective manner which is consistent with the basic method of operation of the HMO. In assessing the availability of these health services from these providers, the applicant shall consider only whether the services from these providers:
- (i) would be available under a contract of at least 5 years duration;
 - (ii) would be available and conveniently accessible through physicians and other health professionals associated with the HMO;
 - (iii) would cost no more than if the services were provided by the HMO; and
 - (iv) would be available in a manner which is administratively feasible to the HMO.

NA

- (11) Repealed effective July 1, 1987.
- (12) Applications involving construction shall demonstrate that the cost, design, and means of construction proposed represent the most reasonable alternative, and that the construction project will not unduly increase the costs of providing health services by the person proposing the construction project or the costs and charges to the public of providing health services by other persons, and that applicable energy saving features have been incorporated into the construction plans.

C

The applicant proposes to relocate no more than two operating rooms from the main campus of Atrium Health Wake Forest Baptist Medical Center to a multispecialty ambulatory surgical program (MASP), AHWFB Outpatient Surgery-Innovation Quarter, which will include two minor procedure rooms upon project completion.

In Section K, page 96, the applicant states that the project involves renovating 20,165 square feet of existing space. Line drawings are provided in Exhibit K.2.

On pages 96-97, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal based on the following:

- The applicant states that the architect based the facility renovation cost on a detailed review of the project, and upon published historical construction costing data, plus the architect's experience designing similar medical projects.
- The applicant states that the assumptions for the project capital costs are based on the knowledge, experience and expertise of the architect, contractor, and AHWFB, and represent the most reasonable alternative for this proposal.
- The applicant states that the architect based materials and labor cost escalation factors on inflation predictions and forecasts in the construction industry.
- The applicant states that AHWFB has extensive experience in developing health facility projects and will insure that the project is designed to incorporate the most cost-effective design and means of construction.

On page 97, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services based on the following:

- The applicant states that the MASP will operate under the NCBH license which allows for cost saving measures due to economies of scale.
- The applicant states that the costs that NCBH will incur by renovating space in the Vine Street building are reasonable considering the benefits for residents of Winston-Salem and surrounding communities, as well as NCBH's plan to redirect ambulatory surgery patients to assist in alleviating potential future capacity constraints at NCBH's main hospital campus.
- The applicant states that the project will not increase charges to the public, which largely are set by the government or already negotiated with payors.
- The applicant states that the proposed OR relocation project will improve access, convenience and time efficiency for patients living in Forsyth County and surrounding communities, at no increased cost for these healthcare consumers.

On page 98, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans.

Conclusion

The Agency reviewed the:

- Application

- Exhibits to the application
- Remarks made at the public hearing

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (13) The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and ... persons [with disabilities], which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority. For the purpose of determining the extent to which the proposed service will be accessible, the applicant shall show:
- (a) The extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved;

C

In Section L, pages 104-105, the applicant provides historical payor mix for ambulatory surgery patients at North Carolina Baptist Hospital during fiscal year 2023 (January 1, 2023-December 31, 2023) for the proposed services, as shown in the following table:

North Carolina Baptist Hospital	
Payor Source	Percentage of Total Patients Served
Self-Pay	2.67%
Charity Care (included with self-pay)	N.A.
Medicare*	32.35%
Medicaid*	20.44%
Insurance*	38.21%
Workers Compensation	0.86%
TRICARE	0.63%
Other (other government)	4.84%
Total	100.00%

Source: Application page 104

* Includes managed care plans

In Section L, page 105, the applicant provides the following comparison:

North Carolina Baptist Hospital	% of Total Patients Served During the Last Full FY	% of Population of the Service Area
Female	49.47%	52.4%
Male	50.02%	47.6%
Unknown	0.01%	0.0%
64 and Younger	70.60%	82.6%
65 and Older	29.40%	17.4%
American Indian	0.53%	1.1%
Asian	1.29%	2.8%
Black or African American	17.33%	27.6%
Native Hawaiian or Pacific Islander	0.10%	0.2%
White or Caucasian	70.19%	54.0%
Other Race	7.91%	15.3%
Declined/Unavailable	0.76%	0.0%

Source: Application page 105

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing

Based on that review, the Agency concludes that the applicant adequately documents the extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved. Therefore, the application is conforming to this criterion.

- (b) Its past performance in meeting its obligation, if any, under any applicable regulations requiring provision of uncompensated care, community service, or access by minorities and persons with disabilities to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

C

Regarding any obligation to provide uncompensated care, community service or access by minorities and persons with disabilities, in Section L, page 107, the applicant states North Carolina Baptist Hospital has no obligation under any applicable federal regulations to provide uncompensated care, community service, or access by minorities and handicapped persons. The applicant also states:

“NCBH does not discriminate based on race, ethnicity, creed, color, sex, age, religion, national origin, handicap, or ability to pay. NCBH has a policy to provide all services to all patients regardless of income, racial/ethnic origin, gender, physical or mental conditions, age, ability to pay or any other factor that would classify a patient as underserved.”

In Section L, page 107, the applicant states that NCBH is not aware of any patient civil rights equal access complaints filed against the facility in the last 18 months. The applicant states that Atrium Health Wake Forest Baptist is aware of only one patient civil rights equal access complaint filed against one of its facilities, High Point Medical Center, in the last 18 months. In February 2023, a patient filed an Office of Civil Rights (OCR) complaint. In March 2023, OCR provided technical assistance to the facility in the form of educational materials and closed the case without finding a violation.

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing

Based on that review, the Agency concludes that the application is conforming to this criterion.

- (c) That the elderly and the medically underserved groups identified in this subdivision will be served by the applicant's proposed services and the extent to which each of these groups is expected to utilize the proposed services; and

C

In Section L, pages 108-109, the applicant projects the following payor mix for the proposed services during the third full fiscal year of operation following completion of the project, as shown in the table below.

North Carolina Baptist Hospital MASP Combined ORs & PRs 3 rd Full FY (7/1/2028 to 6/30/2029)	
Payor Category	Percentage of Total Patients Served
Self-Pay	1.70%
Charity Care (included with self-pay)	N.A.
Medicare*	45.39%
Medicaid*	15.93%
Insurance *	31.23%
Workers Compensation	0.42%
TRICARE	0.53%
Other (other government)	4.81%
Total	100.00%

Source: Application page 108

*Including any managed care plans

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 1.70% of total combined OR & PR services will be provided to self-pay patients, 45.39% to Medicare patients and 15.93% to Medicaid patients.

On pages 108-109, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported because it is based on existing physicians' historical referral patterns from CY 2023 for the three specialties that will be offered at the MASP.

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing

Based on that review, the Agency concludes that the application is conforming to this criterion based on the reason stated above.

- (d) That the applicant offers a range of means by which a person will have access to its services. Examples of a range of means are outpatient services, admission by house staff, and admission by personal physicians.

C

In Section L, page 111, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing

Based on that review, the Agency concludes that the application is conforming to this criterion.

- (14) The applicant shall demonstrate that the proposed health services accommodate the clinical needs of health professional training programs in the area, as applicable.

C

The applicant proposes to relocate no more than two operating rooms from the main campus of Atrium Health Wake Forest Baptist Medical Center to a multispecialty ambulatory surgical program (MASP), AHWFB Outpatient Surgery-Innovation Quarter, which will include two minor procedure rooms upon project completion.

In Section M, page 112, the applicant describes the extent to which health professional training programs in the area will have access to the facility for training purposes and provides supporting documentation in Exhibit M.1. The applicant adequately demonstrates that health professional training programs in the area will have access to the facility for training purposes based on the following:

- NCBH, as an affiliate with AHWFB, maintains clinical affiliation agreements with many colleges and universities to provide training opportunities and provides a list of these in Exhibit M.1.
- The applicant states that its existing relationships with area health professional training programs will be enhanced by the proposed OR relocation by providing an opportunity for training in the hospital (outpatient) setting.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (15) Repealed effective July 1, 1987.
- (16) Repealed effective July 1, 1987.
- (17) Repealed effective July 1, 1987.
- (18) Repealed effective July 1, 1987.
- (18a) The applicant shall demonstrate the expected effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive impact upon the cost effectiveness, quality, and access to the services proposed; and in the case of applications for services where competition between providers will not have a favorable impact on cost-effectiveness, quality, and access to the services proposed, the applicant shall demonstrate that its application is for a service on which competition will not have a favorable impact.

C

The applicant proposes to relocate no more than two operating rooms from the main campus of Atrium Health Wake Forest Baptist Medical Center to a multispecialty ambulatory surgical program (MASP), AHWFB Outpatient Surgery-Innovation Quarter, which will include two minor procedure rooms upon project completion.

On page 47, the 2024 SMFP defines the service area for OR as “single or multicounty grouping shown in Figure 6.1.” Figure 6.1, on page 53, shows Forsyth County is a single county operating service area. Thus, the service area for this facility consists of Forsyth County. Facilities may also serve residents of counties not included in their service area.

The following from page 57 of the 2024 SMFP summarizes the existing operating rooms excluding C-section ORs, in Forsyth County.

Forsyth County Operating Room Inventory			
Facility	#IP Surgical Cases	# Outpatient Surgical Cases	# ORs
Wake Forest Baptist Health Outpatient Surgery Center –Clemmons	0	3	0
Atrium Health Wake Forest Baptist	4	0	36
Novant Health Kernersville Outpatient Surgery	0	2	0
Novant Health Clemmons Outpatient Surgery	0	2	0
Novant Health Forsyth Medical Center	5	4	26
Novant Health Medical Park Hospital	0	0	10
Kimel Park Surgery Center	0	2	0
Piedmont Outpatient Surgery Center	0	2	0
Triad Surgery Center	0	0	0

Source: Table 6A, page 57, 2024 SMFP

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 114, the applicant states:

“The project will certainly enhance the competition because it will expand geographic access to high quality ambulatory surgical services for residents for Forsyth County and surrounding communities.”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 115, the applicant states:

“This OR project will not increase the charges or projected reimbursement for these services, which are established for these services, which are established by Medicare, Medicaid, and/or existing private payor contracts.

...

As an existing surgery provider, North Carolina Baptist Hospital will leverage its existing surgical services ancillary and support structures for economies of scale in operating the MASP.”

See also Sections C, F, and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section N, pages 115 - 116, the applicant states:

“NCBH will maintain the highest standards and quality of care, consistent with the high expectations that the hospital has sustained throughout its history of providing surgical

services. The proposed project will promote safety and quality in the delivery of healthcare services.”

See also Sections C and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 117, the applicant states:

“NCBH will continue to provide high quality, care to all patients, including medically underserved groups, regardless of ability to pay. The proposed OR location project is designed to expand and improve access to outpatient surgery patients, including the medically underserved, particularly timely access to the ambulatory surgical services proposed in the application.”

See also Sections L and C of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant’s representations about how it will ensure the quality of the proposed services and the applicant’s record of providing quality care in the past.
- 3) Medically underserved groups will have access to the proposed services based on the applicant’s representations about access by medically underserved groups and the projected payor mix.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing

Based on that review, the Agency concludes that the application is conforming to this criterion based on all the reasons described above.

- (19) Repealed effective July 1, 1987.

- (20) An applicant already involved in the provision of health services shall provide evidence that quality care has been provided in the past.

C

In Section Q, Form O, page 153, the applicant identifies the existing and approved hospitals and ambulatory surgical facilities located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of 45 of this type of facility located in North Carolina.

In Section O, page 121, the applicant states that, during the 18 months immediately preceding the submittal of the application, incidents related to quality of care resulting in a finding of immediate jeopardy occurred in two of these facilities. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care had occurred in two of these facilities, but both facilities are now back in compliance. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at all of the facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

- (21) Repealed effective July 1, 1987.

G.S. 131E-183 (b): The Department is authorized to adopt rules for the review of particular types of applications that will be used in addition to those criteria outlined in subsection (a) of this section and may vary according to the purpose for which a particular review is being conducted or the type of health service reviewed. No such rule adopted by the Department shall require an academic medical center teaching hospital, as defined by the State Medical Facilities Plan, to demonstrate that any facility or service at another hospital is being appropriately utilized in order for that academic medical center teaching hospital to be approved for the issuance of a certificate of need to develop any similar facility or service.

NA

The applicant does not propose to increase the number of operating rooms in the service area; therefore, the criteria and standards for surgical services and operating rooms do not apply.